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Germany

Trade Policy Monitoring

EU support for the fruit and vegetable sector in Germany

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Report Highlights:

German fruit and vegetables producers receive support under EU programs. There are no additional national support programs specific to fruit and vegetable production available to German farmers. This report provides a summary of EU support measures for the fruit and vegetable sector.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Berlin [GM1], GM

In the EU, fruit and vegetables, i.e. horticultural products, do not fall under Council Regulation (EC) 1251/1999 of May 17, 1999, "support system for producers of certain arable crops." Hence, fruit and vegetable growers do not receive direct payments linked to production. However, they are eligible for non-product specific support programs, such as for the transition to organic farming.

Fruits and vegetables fall under Council Regulation (EC) 2200/96, the "common market organisation (GMO) for fruit and vegetables." The CMO aims at strengthening "producer organisations" (PO) rather than supporting individual farmers. Consequently, it only provides support measures for POs. Farmers may benefit from a stronger PO, but do not receive direct support themselves.

In order to be recognized by the EU, the POs have to follow the rules laid down in Commission Regulation 417/1997. The recognition criteria include a minimum number of members and a minimum turnover. For Germany, the minimum number of members is 15 and the minimum turnover is 5 million Euro or 10,000 MT. A minimum of 50 percent of the trade of a PO must consist of produce from their members. This provision is intended to allow the PO to sell non-member products in order to add variety or provide produce in the off-season, while at the same time aims to ensure that the PO is still a producer organization and not a wholesaler. Member farmers must sell their entire fruit and/or vegetable production through their PO. However, with the consent of the PO, a farmer may sell some of their produce directly to the consumer. This is limited to 25 percent of the farm's production if the PO is recognized for fruits and vegetables or up to 20 percent for specialized POs.

POs are recognized for the following 7 categories:

- I. Fruits and vegetables
- II. Fruits
- III. Vegetables
- IV. For processing
- V. Citrus
- VI. Nuts
- VII. Mushrooms

In Germany there were 33 POs recognized in 2002. The majority belong to category I. Some POs specialize in either fruits or vegetables, and one PO is recognized for mushrooms. In addition, some 30 producer groups and cooperatives are not recognized, either because they did not meet the criteria, or because they felt the bureaucracy involved was not worth the effort. Although they do not receive EU subsidies they, essentially act as a PO in other respects.

In order to obtain EU funding, the PO has to submit an "operational program" to the national authority for approval. The program gives an analysis of the PO's current situation, as well as goals and a justification how the individual measures contribute to the goals. POs can receive money for such activities as environmental programs, generic promotion, or investments in quality improvement programs including hiring extension services or investments in cold storage trucks. Measures must be of a collective nature, i.e. they must benefit the PO, not specific individual producers. Each "operational program" lasts from 3 to 5 years. The programs are equally financed by producer contributions and the

EU, but the EU funding is limited to not more than 4.1 percent of the value of the fruit and vegetables marketed by the relevant PO.

Producers that are members of a PO are entitled to participate in an intervention scheme for the following products: apples, apricots, clementines, melons, mandarins (including satsumas, tangerines and other hybrids, nectarines, sweet oranges, peaches, aubergines, pears, cauliflower, table grapes, tomatoes, watermelons. However, intervention is limited to 5, 8.5 and 10 percent of the total marketed volume of a PO for citrus, apples, and all other products, respectively.

Products going into intervention in Germany include apples, pears, cauliflowers, and tomatoes.

Intervention prices were gradually reduced over the past six years and are now fixed at 0.081, 0.0839, 0.071, and 0.0483 Euro per kilogram for apples, pears, cauliflower and tomatoes, respectively.

Intervention payments to German producers amounted to 0.9 million Euro in CY 2000.

Limited export refunds are available for certain products and destinations. EU payments for export refunds to German exporters amounted to 0.1 million Euro for fresh fruit and vegetables and 1.3 million Euro for processed fruit and vegetables.

Total support by the EU for the fruit and vegetable sector in Germany amounted to 13.8 million Euro in CY 2000 (latest available figures). The total value of fruit and vegetable production in Germany was 2.025 billion Euro in CY 2001. Estimated value of fruit and vegetables marketed by Producer Organisations amounted to 500 million Euro. Thus, about a quarter of the German fruit and vegetable production (by value) was marketed through POs. The remaining three quarters were marketed through contracts, e.g. for baby food or frozen food production, through large individual producers, through non-recognized producer groups or cooperatives, or were sold directly to the consumer.

| measures | amount |
|--|-------------------|
| co-financing of operational programs of "producer organisations" | 11.5 million Euro |
| payments for intervention | 0.9 million Euro |
| export refunds for processed fruit and vegetables | 1.3 million Euro |
| export refunds for fresh fruit and vegetables | 0.1 million Euro |
| total | 13.8 million Euro |

Source: German Federal Ministry for Consumer Protection, Food and Agriculture

The German Ministry of Consumer Protection, Food and Agriculture does not calculate the cost of production for fruit and vegetables. The following organizations publish and sell data collections on production costs for specific horticultural crops:

Working group for Business Management in Horticulture
Faculty of Horticultural Economics, University of Hannover

Herrenhäuser Str. 2
 30419 Hannover
 Germany
 Fax: +49-511-762-192
 e-mail: akb@ifgb.uni-hannover.de

Publication title: Datensammlung Intensivgemüsebau 2002 (data collection for intensive vegetable farming)
 Cost: 15 Euro plus postage

and:

KTBL- Kuratorium für Technik und Bauwesen in der Landwirtschaft
 Bartningstrasse 49
 64289 Darmstadt
 Germany
 Fax: +49-6151-7001-123
 e-mail: ktbl@ktbl.de

Publication title: KTBL- Datensammlung Freilandgemüsebau (order number: 19474)
 (KTBL-data collection for non-glasshouse vegetable farming)
 KTBL- Datensammlung Obstbau (order number: 19468)
 (KTBL-data collection for fruit farming)
 Cost: 22 Euros each plus postage

German fruit and vegetable production for CY 2001, imports and exports for CY 2001 are summarized in the table below:

| | Fruit | | Vegetables | |
|-------------------|---------------------|-------------------------|---------------------|-------------------------|
| | volume (1000 MT) | value (million Euro) | volume (1000 MT) | value (million Euro) |
| German production | 1,190 | 613 | 2,873 | 1,402 |
| Imports | 5,062 | 4,517 | 3,382 | 3,133 |
| Exports | 402 | 473 | 395 | 334 |

Source: ZMP (Central Market and Price Reporting Agency) Bilanz Obst 2002
 Exchange rate: 1 Euro = 1.1020 US \$ (as of March 12, 2003, Handelsblatt)